

---

## APPENDIX

---

- 2) Lease sale: the “bulk” lease sale that allows companies to bid for particular lease areas;
- 3) Plan of exploration: the plan of how a company will explore in order to determine if they will develop their lease site;
- 4) Plan of development and production: this lays out the plan for producing oil or gas from the lease site; and
- 5) Decommissioning: (federal consistency review may be required, but not in all cases) there is likely to be a review at this stage, especially if the rig is decommissioned as part of a Rigs-To-Reef Program. However, decommissioning might also be included in the Plan of Development and Production in which case those activities are reviewed/approved under 4.

### Mobil

The State used the federal consistency provisions of the CZMA to review and comment on Mobil’s proposal to drill an exploratory well in the late 1980’s. Mobil proposed to drill an exploratory well in block 467 of the Manteo Block. The State found the Plan of Exploration (POE) inconsistent due to inadequate information. Mobil appealed the consistency decision which was upheld by the US Department of Commerce. In 1990, Congress passed the Outer Banks Protection Act which blocked exploration activities off the coast of NC. Mobil sued the federal government for breach of contract, initially losing the lawsuit but winning on appeal to the US Supreme Court in 2000. As a result of winning, Mobil was required to relinquish its leases in the Manteo Lease Block.

### Chevron

The State was also prepared to review an OCS exploration proposal when Chevron announced its plans to drill. Chevron engaged the state in discussions much earlier than Mobil had, entering into discussions with the State in 1997 although they were not planning submitting a POE to MMS until 1999. It should be noted that the State did issue a favorable consistency determination for a Chevron proposal on Block 510 in 1982. However, MMS informed Chevron that a new determination would be necessary in light of new scientific information, changes in drilling technology and changes to the State’s energy policies. By engaging the State at an early phase, it’s likely that Chevron was trying to avoid the controversy faced by Mobil and was also interested in providing some of the information that was lacking from Mobil’s proposal. The State’s inconsistency determination in Mobil’s case was largely based on a lack of complete information.

The experience with Mobil had set some changes in motion (an ocean policy analysis by the Division of Coastal Management) that led the State to be better prepared for the OCS proposal from Chevron. Chevron proposed to drill in Lease Block 467 or 510 in September 1997. A POE was to be submitted in 1999 with plans for an exploratory well in 2000. The State formed an OCS Advisory Committee and a Technical Review Team to focus on the missing information from the Mobil proposal (socio economic impacts, economic importance of “The Point” area, recreational fisheries, larval fish impacts and hydrocarbon monitoring).

The ocean policy analysis undertaken by DCM in the mid-1990’s led to a strengthening of the CRC’s Coastal Energy Policies. The amendments added “drillships” and “onshore support facilities” to the definition of energy facilities and specified areas that must be avoided when siting energy facilities. Because of the potential action by Chevron, these amendments were enacted by Governor Hunt through an Executive Order. Since a lack of complete information was the basis of the consistency denial, The MMS funded a Technical Workshop in 1998 to identify data gaps and needs in the review of a POE for the NC coast. The MMS also funded several studies, largely based on the workshop, to